Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2016 Regular Session

Part I: Measure Information

Bill Request #: 898
Bill #: HB 478
Bill Subject/Title: An act relating to the valuation of motor vehicles for tax purposes
Sponsor: Rep. Diane St. Onge
Unit of Government: City x County Unified Local X Charter County x Consolidated Local X Government
Office(s) Impacted: County Clerks
Requirement: x Mandatory Optional
Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Purpose and Mechanics

Motor vehicles are assessed property taxes based on their fair cash value by the local property valuation administrator, under the supervision and direction of the state Department of Revenue. Department officials stated that they use the NADA "clean trade-in value" as the standard for valuation purposes. HB 478 adds new language to KRS 132.485 which clarifies that neither the "clean trade-in value" nor the "rough trade-in value" shall be used for this purpose; rather the NADA "average trade-in value" should be used, as specified in statute.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

Since the NADA average trade-in value for a vehicle is lower than the clean trade-in value, the fiscal impact of HB 478 on local government will be an indeterminable loss of revenue on collected property taxes. The price difference between these two trade-in values varies greatly between vehicle make and model. So great is the variation that NADA officials were unable to provide staff with an average difference between the average trade-in value and the clean trade-in value, Therefore, the exact amount of lost revenue for any particular County Clerk's office is unknown.

Data Source(s): LRC staff; Kentucky Department of Revenue

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